

STATE OF UTAH  
OFFICE OF THE ATTORNEY GENERAL

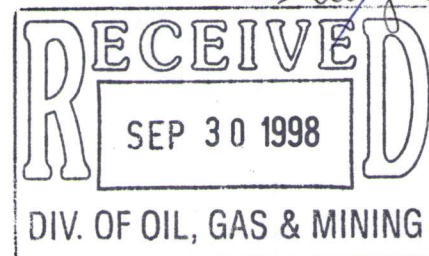


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September 28, 1998

Ms. Mary Ann Wright  
Deputy Director of Mining  
Division of Oil, Gas & Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, UT 84114-5801

Re: In re Jumbo Mining Co., U.S. Bankruptcy Court for the Western  
District of Texas, Case No. 97-14326FM (Chapter 7)

Dear Mary Ann:

This will update you on the status of the Jumbo Mining Co. ("JMC") bankruptcy matter, in which I am counsel to the Board of Oil, Gas & Mining (the "Board") and Dan Moquin is counsel to the Division of Oil, Gas & Mining ("DOGM").

As you will recall, in May 1998, the Board and DOGM, along with JMC's court-appointed Trustee C. Daniel Roberts (the "Trustee"), jointly filed a stipulation and motion with the U.S. Bankruptcy Court in Austin, TX in an attempt to expedite forfeiture of JMC's reclamation bond being held by DOGM. That stipulation also addresses the Board's and DOGM's respective proofs of claim and establishes a procedural framework for determining whether future reclamation liability hearings will be resolved in Utah, before the Board, or in Texas, before the U.S. Bankruptcy Court. Dan can advise you and your staff at DOGM on the particular technical points in the stipulation.

I have been advised that the JMC bond amount is about \$162,000 in certain federally-issued debt instruments held in trust for DOGM by another State agency (perhaps the State's Division of Finance). Subject to further evidentiary hearings, JMC's total reclamation liability may well exceed the bond amount, but the Trustee has agreed that JMC's reclamation liability will be in an amount which is not less than \$162,000.

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Until now, the Bankruptcy Court has not acted on the bond-forfeiture stipulation because of a technical objection filed by Western States Minerals Corp. ("Western"). Now, however, I am pleased to report that extensive settlement discussions by counsel for the Board, DOGM, the Trustee and Western have resulted in a breakthrough. To move forward, the parties will sign a Clarifying Addendum to the May 1998 stipulation and motion. A key provision of the Clarifying Addendum states that Western withdraws its earlier objection to the JMC bond forfeiture.

It will still take a little while before we have a signed Bankruptcy Court order approving the expedited bond forfeiture in favor of DOGM, but clearly this resolution of the impasse with Western is a very welcome and positive development.

Very truly yours,



Patrick J. O'Hara  
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